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Applicant(s): WALKER et al.			98-119
Serial No. 09/345,092	Filing Date June 30, 1999	Examiner John L. Young	Group Art Unit 3622
Invention: VENDING MACHINE SYSTEM AND METHOD FOR ENCOURAGING THE PURCHASE OF PROFITABLE ITEMS			
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**COMBINED TRANSMITTAL OF APPEAL BRIEF TO THE BOARD OF PATENT
APPEALS AND INTERFERENCES & PETITION FOR EXTENSION OF TIME
UNDER 37 C.F.R. 1.136(a) (Small Entity)**Docket No.
98-119

In Re Application Of: JAY S. WALKER et al.

Serial No.
09/345,092Filing Date
June 30, 1999Examiner
John L. YoungGroup Art Unit
3622

Invention:

VENDING MACHINE SYSTEM AND METHOD FOR ENCOURAGING THE PURCHASE OF PROFITABLE ITEMS**TO THE COMMISSIONER FOR PATENTS:**

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**COMBINED TRANSMITTAL OF APPEAL BRIEF TO THE BOARD OF PATENT
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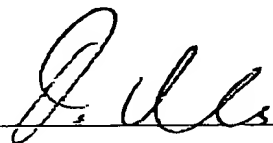
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This combined Transmittal of Appeal Brief to the Board of Patent Appeals and Interferences and petition for extension of time under 37 CFR 1.136(a) is respectfully submitted by the undersigned:



Signature

Dated: November 24, 2003

Dean P. Alderucci
Attorney for Applicants
PTO Registration No. 40,484
Walker Digital, LLC
203.461.7337/phone
203.461.7300/fax

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COMBINED TRANSMITTAL OF APPEAL BRIEF TO THE BOARD OF PATENT APPEALS AND INTERFERENCES & PETITION FOR EXTENSION OF TIME UNDER 37 C.F.R. 1.136(a) (Small Entity)			Docket No. 98-119						
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Invention:

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This combined Transmittal of Appeal Brief to the Board of Patent Appeals and Interferences and petition for extension of time under 37 CFR 1.136(a) is respectfully submitted by the undersigned:



Signature

Dated: November 24, 2003

Dean P. Alderucci
Attorney for Applicants
PTO Registration No. 40,484
Walker Digital, LLC
203.461.7337/phone
203.461.7300/fax

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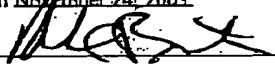
Application No. 09/345,092
Attorney Docket No.: 98-119

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants:)
Jay S. Walker, Daniel E. Tedesco, Andrew S.) Group Art Unit: 3622
Van Luchene, Keith Bemer)
) Examiner: John L. Young
Application No.: 09/345,092)
) APPEAL BRIEF
Filed: June 30, 1999)
) Attorney Docket No. 98-119
For: METHOD AND APPARATUS FOR)
FACILITATING THE PLAY OF) Customer No. 22927
FRACTIONAL LOTTERY TICKETS)
UTILIZING POINT-OF-SALE)
<u>TERMINALS</u>)

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Michael Brinton

BOARD OF PATENT APPEALS AND INTERFERENCES

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Appellants hereby appeal to the Board of Patent Appeals and Interferences from the decision of the Examiner in the Final Office Action mailed October 22, 2002 (Paper No. 16), rejecting claims 1 - 44.

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APPENDIX A: CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

APPENDIX B: CHART SHOWING CLAIM DEPENDENCIES

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REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Stamford, CT 06905.

RELATED APPEALS AND INTERFERENCES

Appellants are not aware of any appeals which might be considered to directly affect, be directly affected by or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims 1 - 44 are pending in the present application and are being appealed.

Claims 1 - 3, 7, 13, 23, 27 - 30 and 34 - 44 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over a combination of:

- U.S. Patent No. 5,544,784 to Malaspina; and
- U.S. Patent No. 5,918,213 to Bernard.

Claims 4 - 6, 8 - 12, 14 - 22, 24 - 26 and 31 - 33 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over a combination of:

- U.S. Patent No. 5,544,784 to Malaspina; and
- U.S. Patent No. 5,918,213 to Bernard.
- subject matter without support in the record.

STATUS OF AMENDMENTS

No amendments were filed subsequent to final rejection.

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SUMMARY OF INVENTION

Generally, according to one aspect of the invention, a vending machine method and apparatus optimizes one or more operating parameters, including but not limited to profit. Present Application, Summary of the Invention, page 4, lines 10 - 11. The vending machine offers an alternate product to a buyer after the buyer has made an initial product selection. Present Application, Summary of the Invention, page 4, lines 10 - 13. The product that is offered in the alternative can be one which typically better addresses the objectives of the seller than the originally selected product. Present Application, Summary of the Invention, page 4, lines 13 - 14. For example, the product offered to the buyer might be one which would yield more profit than the originally requested product. Present Application, Summary of the Invention, page 4, lines 19 - 21. As another example, the offer may be for a product with a remaining shelf life (e.g., time until expiration) less than that of the originally selected product. Present Application, Summary of the Invention, page 4, lines 20 - 23.

ISSUES

Whether claims 1 - 3, 7, 13, 23, 27 - 30 and 34 - 44 are unpatentable under 35 U.S.C. § 103(a) as being obvious in light of a combination of Malaspina and Bernard.

Whether claims 4 - 6, 8 - 12, 14 - 22, 24 - 26 and 31 - 33 are unpatentable under 35 U.S.C. § 103(a) as being obvious in light of a combination of Malaspina, Bernard and subject matter without support in the record.

GROUPING OF CLAIMS

The claims in different groups do not stand and fall together.

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Appellants group the pending claims as follows:

Group I - claims 1 - 3, 7, 13, 23, 27 - 30 and 34 - 35;

Group II - claims 36 - 39;

Group III - claims 40, 41, 42;

Group IV - claim 43;

Group V - claim 44;

Group VI - claims 4 - 6, 8 - 12, 14 - 22, 24 - 26 and 31 - 33.

Appellants believe that claims in different groups are separately patentable, as explained below.

ARGUMENT

Summary of Argument

The rejections fail for two primary reasons: the Examiner has not made a prima facie case of obviousness, and in any event the references could not support a showing of obviousness.

First, the references under any reasonable interpretation completely fail to suggest several limitations that are recited in the independent claims. Among other failings, the references completely lack any hint of:

- an *"alternate product offer"* (independent claims 1, 34, 36, 38, 40, 41)
- *"an offer for a second product in lieu of the first product [of which a selection is received]"* (independent claim 43)
- *"an offer for the second product instead of the first product [of which a selection is received]"* (independent claim 44)

Second, the rejections are nothing more than conclusory statements that the claims are suggested by various combinations of references, and that the references motivate such combinations. The rejections attempt to meet the form of the proper obviousness inquiry, but wholly lack the substance of any factual findings or reasoning. The Examiner has not shown that the references of record, whether alone or in any combination, suggest all limitations of any

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claim. Further, the rejections are based on improper combinations and modifications of the references without any motivation in the prior art for making the proposed combinations and modifications.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.

Form of this Appeal Brief

In the arguments herein, limitations of the claims are indicated in *italics*, and the references of record are indicated by underlining.

In separate arguments of patentability of different Groups, Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

Appellants' First Response (Amendment and Response mailed September 20, 2001);
the "Second Office Action" (Office Action mailed January 24, 2002, paper no. 11);
Appellants' Second Response (Amendment and Response mailed July 24, 2002); and
the "Third Office Action" (Office Action mailed October 22, 2002, paper no. 16).

The References

Discussed immediately below are the references used in rejecting all appealed claims: Malaspina and Bernard.

The Malaspina patent

In general, Malaspina discloses a vending machine for vending a rechargeable battery pack. A customer can purchase a new battery or exchange a discharged battery for a fully charged one of similar condition. Abstract. The price charged to the customer is proportional to the difference in grade between the battery deposited and the battery dispensed. Abstract.

The Bernard patent

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In general, Bernard describes an automated product purchasing system which allows purchasers to order products via a remote communications medium without having to speak to a sales representative or other human operator. Abstract. Customers access the automated system and browse through the selections offered using, e.g., the telephone, a direct data link, a network connection (e.g., the Internet). Col. 3, lines 11 - 18.

Menu style prompts guide the customer through the various products offered by the automated product purchasing system. Abstract. Product descriptions are provided to assist the customer in making his or her selections. Where appropriate, product samples (e.g., movie previews, sample cuts from music tracks, software demos) are provided to the customer via the communications medium so the customer can evaluate the product prior to purchasing. Abstract.

Other Subject Matter Without Support in the Record is not Substantial Evidence

Appellants have already disputed various assertions regarding what is 'well known' but unsupported by the record. Appellants' First Response, page 6. Appellants' Second Response, pages 2 - 8.

Appellants note that the scope of the matter of which the Examiner takes Official Notice is limited to the substantial evidence in the record for such matter. The references of record clearly do not support the Examiner's broad assertions as to what was well known. At best, the prior art of record shows that only a very limited form of the asserted matter was known.

Accordingly, the Examiner's sweeping assertions which are not supported by the references of record lack substantial evidence, and therefore cannot be used as prior art to the present application. Only the content of the references of record which are prior art to the present application may so used. "[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

The rejections which are based on "Official Notice" are discussed below in Section 6 with respect to Group VI.

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1. Group I

Group I includes independent claim 1, independent claim 34 and dependent claims 2, 3, 7, 13, 23, 27 - 30 and 35.

As discussed below, the rejection of the claims of Group I is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group I. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group I can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group I obvious.

Independent claim 34 is a storage device encoded with computer instructions which direct a microprocessor to perform the method of claim 1. Dependent claims 2 - 33 depend (directly or indirectly) from claim 1. Dependent claim 35 depends from independent claim 34. Thus, although the discussion and arguments below refer to claim 1, they are likewise applicable to the remaining claims of the Group.

1.1. Independent Claim 1

Independent claim 1 is directed to a method of automatically dispensing a product to a customer. A product selection is received from the customer, and it is determined whether the product selection qualifies for an alternate product offer.

If the product selection so qualifies, an alternate product offer message is presented. It is determined if the customer has accepted the alternate product offer.

If the customer has so accepted, a first product that corresponds to said alternate product offer is dispensed. Otherwise, if the customer has not so accepted, dispensing a second product that corresponds to said product selection is dispensed.

Group I

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1.2. Advantages of Independent Claim 1

The embodiment of claim 1 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As discussed in the present application, by *presenting an alternate product offer message*, the vending machine can effectively "market" to customers during a sales transaction. In addition, the product that is offered in the alternative will be one, which, typically, better addresses the objectives of the seller than the originally selected product. Thus, a sale of the alternative product could be more beneficial than a sale of the originally selected product. For example, the alternate product may be one which yields more profit than the product selected by the customer.

As discussed in the present application, by *presenting an alternate product offer message if said product selection so qualifies [for an alternate product offer]*, the customer may be provided with an offer only when the product he originally selects meets certain conditions. For example, an original selection might not qualify for an offer if, e.g., the expiration date of the original product is less than a predetermined number of days. Present Application, page 5, lines 26 - 28. This is advantageous because, if the originally selected product will expire soon, it is probably better to sell that product to the customer, rather than another.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

1.3. No Prima Facie Showing of Unpatentability of the Claims of Group I

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

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Applicable Law

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. *In re Fritch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of obviousness. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the level of ordinary skill in the art. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

In order to rely on a reference as a basis for rejection of the applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned. *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

When a rejection is based on a combination of references, the Examiner can satisfy the *prima facie* burden only by showing some objective teaching leading to the purported combination of references. *In re Fritch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992). Lacking a motivation to combine references, there is no *prima facie* case of obviousness. *In re Rouffet*, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

Finally, during examination, claims are given their broadest reasonable interpretation consistent with the specification. *In re Hyatt*, 211 F.3d 1367 (Fed. Cir. 2000). The "PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification." *In re Morris*, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

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1.3.1. No showing that the references suggest *determining whether a product selection [received from a customer] qualifies for an alternate product offer*

The Examiner has not shown that the references, alone or in combination, suggest *determining whether a product selection [received from a customer] qualifies for an alternate product offer*. The closest the Examiner comes is a conclusory statement that Malaspina "shows elements that suggest" such a feature. Third Office Action, page 3, paragraph 2. In fact, Malaspina lacks any hint of such a feature.

Factual Findings

The only description of Malaspina by the Examiner consists of, for each of the forty four pending claims, a sentence that Malaspina "shows elements that suggest" the entire claim.

Specifically with respect to claim 1, the Examiner asserts on pages 3 of the Final Office Action that Malaspina:

"shows elements that suggest: A method of automatically dispensing a product to a customer, comprising the steps of ... receiving a product selection from the customer ... determining whether said product selection qualifies for an alternate product offer ... presenting an alternate product offer message if said product selection so qualifies ... determining if the customer has accepted said alternate product offer; and ... dispensing a first product that corresponds to said alternate product offer if the customer has so accepted, or ... dispensing a second product that corresponds to said product selection if the customer has not so accepted."

In other words, the Examiner has asserted that the entire method of claim 1 (as well as every other pending claim) is "suggested" by elements of Malaspina. No reasoning or explanation is provided for this conclusory statement.

No further reasoning is provided for the Examiner's interpretation of Malaspina. More specifically, there is no further discussion of the limitation of *determining whether a product selection [received from a customer] qualifies for an alternate product offer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *determining whether a product selection [received from a customer] qualifies for an alternate product offer*. Bernard is

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described only as showing "elements that suggest: 'dispensing a second product that corresponds to said product selection if the customer has not so accepted ... '".

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *determining whether a product selection [received from a customer] qualifies for an alternate product offer*.

The only discussion of Malaspina consists of, for every one of the forty four pending claims, a mere conclusory statement that Malaspina "shows elements that suggest" the entire claim. Nowhere in any Office Action has the Examiner asserted what any portion of Malaspina does explicitly disclose. In fact, Malaspina is a vending machine that vends a rechargeable battery pack and optionally allows a discharged battery to be returned and charged.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1. In fact, the Examiner has not purported to have found such a motivation to modify, nor has the Examiner even acknowledged that the rejection requires that such a motivation exist in the record. Thus, the record provides no motivation to modify Malaspina as desired by the Examiner.

Malaspina does not disclose, suggest or even hint at an "alternate product offer", much less the limitation in claim 1 of *determining whether a product selection [received from a customer] qualifies for an alternate product offer*. In Malaspina, the customer merely chooses to either purchase a new battery (Col. 3, line 58 - Col. 4, line 5) or exchange a spent battery for a fully charged one (Col. 4, lines 6 - 33). No offer of any kind is ever provided to the customer, much less an offer for an alternate product. Accordingly, none of the various limitations of claim 1 which involve an "alternate product offer" (almost every step of claim 1) can be suggested by Malaspina. More specifically, Malaspina does not even hint at *determining whether a product selection [received from a customer] qualifies for an alternate product offer*.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to an *alternate product offer* or specific limitations of the claim which involve an *alternate product offer*. Each such portion is discussed below:

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- FIG. 1 of Malaspina is a block diagram of a vending machine system. It shows components such as a central control unit and a customer interface.
- FIG. 2 of Malaspina is a perspective cutaway view of a vending machine. It shows components such as an interface unit, which includes a money handling unit, a display, and an input means such as entry pad for generating selection information.
- FIG. 3 of Malaspina is a perspective view of a vending machine much like FIG. 2, but further including a communications relay station having an antenna for receiving and transmitting short range communications signals.
- FIG. 5 of Malaspina is a block diagram of a battery pack dispensing sub-system. It includes a new battery reservoir, battery dispensing unit, recharged battery reservoir, battery handler, and battery delivery port.
- The Abstract of Malaspina generally describes a vending machine for vending a rechargeable battery pack. A customer can purchase a new battery or exchange a discharged battery for a fully charged one of similar condition.
- Col. 2, lines 44 - 67 and col. 3, lines 1 - 56 of Malaspina generally describe the components illustrated in FIGS. 1 and 2, described above.
- Col. 4, lines 33 - 45 of Malaspina generally describes the housing and power cable of the vending machine.
- Col. 6, lines 15 - 17 of Malaspina states that "numerous delivery systems are currently employed by an automatic teller and vending machines, and the technology associated with them is easily applicable here."

Clearly, these portions of Malaspina indicated by the Examiner have nothing to do with:
an alternate product offer,

much less:

determining whether a product selection [received from a customer] qualifies for an alternate product offer.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *determining whether a product selection [received from a customer] qualifies for an alternate product offer*. The rejection fails for at least this reason.
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1.3.2. No showing that the references suggest *presenting an alternate product offer message*

The Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer message*. The closest the Examiner comes is a conclusory statement that Malaspina "shows elements that suggest" such a feature. Final Office Action, page 3, paragraph 2. In fact, Malaspina lacks any hint of such a feature.

Factual Findings

As discussed in Section 1.3.1 above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *presenting an alternate product offer message* anywhere.

The Examiner does not assert that Bernard discloses or suggests *presenting an alternate product offer message*. Bernard is described only as showing "elements that suggest: 'dispensing a second product that corresponds to said product selection if the customer has not so accepted ...'".

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *presenting an alternate product offer message*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1. Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

Malaspina does not disclose, suggest or even hint at an "*alternate product offer*", much less the limitation in claim 1 of *presenting an alternate product offer message*. In Malaspina, the customer merely chooses to either purchase a new battery (Col. 3, line 58 - Col. 4, line 5) or exchange a spent battery for a fully charged one (Col. 4, lines 6 - 33). No offer of any kind is ever provided to the customer, much less an offer for an alternate product. Accordingly, Malaspina does not even hint at *presenting an alternate product offer message*. More generally, Group I

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none of the various limitations of claim 1 which involve an "*alternate product offer*" (almost every step of claim 1) can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to an *alternate product offer* or specific limitations of the claim which involve an *alternate product offer*. Each such portion is discussed above in Section 1.3.1.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer message*. The rejection fails for at least this reason.

1.3.3. No showing that the references suggest *determining if the customer has accepted said alternate product offer*

The Examiner has not shown that the references, alone or in combination, suggest *determining if the customer has accepted said alternate product offer*. The closest the Examiner comes is a conclusory statement that Malaspina "shows elements that suggest" such a feature. Final Office Action, page 3, paragraph 2. In fact, Malaspina lacks any hint of such a feature.

Examiner's Proposed Factual Findings

As discussed in Section 1.3.1 above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *determining if the customer has accepted said alternate product offer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *determining if the customer has accepted said alternate product offer*. Bernard is described only as showing "elements that suggest: 'dispensing a second product that corresponds to said product selection if the customer has not so accepted ...'".

These Findings Have No Support in the Record
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There is no substantial evidence in the record that Malaspina or any other reference would suggest *determining if the customer has accepted said alternate product offer*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1. Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed in Sections 1.3.1 and 1.3.2 above, Malaspina does not disclose, suggest or even hint at an "*alternate product offer*", much less the limitation in claim 1 of *determining if the customer has accepted said alternate product offer*. More generally, none of the various limitations of claim 1 which involve an "*alternate product offer*" (almost every step of claim 1) can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to an *alternate product offer* or specific limitations of the claim which involve an *alternate product offer*. Each such portion is discussed above in Section 1.3.1.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *determining if the customer has accepted said alternate product offer*. The rejection fails for at least this reason.

1.3.4. No showing of a proper motivation to combine the references

Each rejection, including the rejection of claim 1, includes a modification of each reference, and then a combination of these modified teachings. The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

Applicable Law

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. *In re Fine*, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Group I*

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Jones, 21 USPQ2d 1941 (Fed. Cir. 1992). Furthermore, **particular findings must be made** as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. *In re Kotzab*, 217 F.3d 1365, 1371, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000) (emphasis added).

A finding of obviousness requires that the art contain something to suggest the desirability of the proposed combination. *In re Grabiak*, 769 F.2d 729, 732 (Fed. Cir. 1985). **In the absence of such a showing**, there is inadequate support for the position that the proposed modification would *prima facie* have been obvious. *Id.* The absence of such a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997) (emphasis added).

When the art in question is relatively simple, the opportunity to judge by hindsight is particularly tempting. Consequently, the tests of whether to combine references need to be applied rigorously. *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1352 (Fed. Cir. 2001). In each case the factual inquiry whether to combine references must be thorough and searching. *Id.*, at 1352 - 53.

No Substantial Evidence of a Motivation to Modify

Each rejection, including the rejection of claim 1, includes a modification of each reference, and then a combination of these modified teachings. For example, with respect to claim 1, *Malaspina* and *Bernard* are each alleged to individually "suggest" (but not disclose) various claim limitations. *Third Office Action*, page 3, paragraphs 2 and 4. In other words, each reference must be modified to yield what is suggested but not disclosed. The Examiner then combines these modified versions of the references. *Third Office Action*, page 3, paragraph 4 - page 4, paragraph 1.

The Examiner provides no motivation at all to modify either *Malaspina* or *Bernard*, even though the Examiner admits that the references only "suggest", not disclose, the claim limitations. The rejection fails for at least these reasons.

No Substantial Evidence of a Motivation to Combine

The Examiner has proposed that one of ordinary skill in the art at the time the invention was made would have combined *Malaspina* with *Bernard* because "such combination would have *Group I*

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provided means of 'browsing ... to learn more about products which are popular or in great demand but about which the customer may not be aware' (See Bernard (col. 4, ll. 32 - 34))."
Third Office Action, page 4, paragraph 1.

It is worth noting that the same "motivation" is provided for the rejection of each claim.

This proposed "motivation" fails for three reasons:

- (a) the proposed motivation would not have actually prompted one to make the combination;
- (b) the combination would not in any way further the proposed motivation; and
- (c) the combination has nothing to do with the limitations of claim 1, as discussed above in Sections 1.3.1, 1.3.2 and 1.3.3.

With respect to reason (a), the motivation (quoted from Bernard) "providing means of browsing to learn more about products which are popular or in great demand but about which the customer may not be aware", would not cause one to seek out a vending machine that vends rechargeable batteries, much less the particular system of Malaspina. Malaspina has nothing to do with "browsing to learn more about" batteries or any other products. In fact, one could not learn more about batteries from the system of Malaspina, in which rechargeable batteries are sold by and returned to a vending machine.

With respect to reason (b), the combination (Malaspina and Bernard) does not further the proposed motivation of "providing means of browsing to learn more about products which are popular or in great demand but about which the customer may not be aware". Malaspina does not in any way allow a customer to "learn more about" batteries or any other products.

With respect to reason (c), the combination (as well as any combination of the references) has nothing to do with the embodiment of claim 1. Further, as described above, any such combination would still lack several features of claim 1, and these features have significant advantages, also as explained in Sections 1.3.1, 1.3.2 and 1.3.3 above. Finally, any such combination would not solve any the problems addressed by the embodiment of claim 1.

Thus the Examiner has not shown a motivation in the prior art of record to combine the references in any manner that renders the claims of the Group obvious. The rejection fails for at least this reason.

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1.3.5. Nonanalogous References

Applicable Law

In order to rely on a reference as a basis for rejection of the applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned. In re Oetiker, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

Factual Findings

The Examiner has not provided any evidence relating to the problem, nor why the references are pertinent to the problem.

The Examiner has not provided any evidence relating to the field of endeavor, nor why the references are in the field of endeavor.

Not Showing That References Are Reasonably Pertinent to Problem

Malaspina is directed to a vending machine for vending a rechargeable battery pack.

Abstract.

In Bernard, an automated product purchasing system allows purchasers to browse, sample and order products (e.g., movies, music, software) via a remote communications medium (e.g., phone, Internet) without having to speak to a sales representative or other human operator.

Abstract.

Neither reference has anything to do with, e.g., selling vending machine products in a manner which better addresses objectives (e.g., profitability of sales, perishability of products, raising the demand of low-demand products).

The Examiner does not at all describe how the two references can be considered in the field of endeavor or reasonably pertinent to the problems addressed. In response to Appellants' arguments (Appellants' Second Response, page 11) that the references are not analogous, the Examiner merely responded that "both Malaspina and Bernard are reasonably pertinent to the particular problem with which the Applicant is concerned." Third Office Action, page 38, paragraph 2. The Examiner has refused to indicate any facts which permit this conclusion to be made. The rejection fails for at least this reason.

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Not Showing That References Are Field of Endeavor

The Examiner has not alleged that the references are in the field of Appellants' endeavor. In response to Appellants' arguments that the references are not analogous, the Examiner responded only that the references are both reasonably pertinent to the particular problem with which the inventors were concerned.

Nevertheless, it is worth noting that none of the above references is in the field of the applicant's endeavor. Bernard has nothing at all to do with sales or profitability at vending machines. Though Malaspina involves a vending machine that vends rechargeable battery packs, it has nothing to do with increasing sales, profitability or anything else at a vending machine.

1.3.6. Level of Skill

Applicable Law

A factual predicate underlying an obviousness determination is the level of ordinary skill in the art. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The skill level is one component of the inquiry for a suggestion to combine. In re Rouffet, 149 F.3d 1350, 1359 (Fed. Cir. 1998).

Lacking a motivation to combine, there is no prima facie case of obviousness. In re Rouffet, 149 F.3d 1350, 1358 (Fed. Cir. 1998). If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

Factual Findings

Though required to do so, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

Based on the present record, one could only conclude that the level of skill is low. No reference cited by the Examiner even addresses any problems that are addressed by the present invention.

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In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group I, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group I, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 1.2 "Advantages of Independent Claim 1". Accordingly, for at least those reasons, the claims of Group I are patentable in view of the cited references.

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SEPARATE ARGUMENT OF PATENTABILITY

2. Group II

Group II includes independent claim 36, independent claim 38 and dependent claims 37 and 39.

As discussed below, the rejection of the claims of Group II is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group II. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group II can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group II obvious.

Independent claim 38 is a storage device encoded with computer instructions which direct a microprocessor to perform the method of claim 36. Dependent claim 39 depends from claim 38. Thus, although the discussion and arguments below refer to claim 36, they are likewise applicable to the remaining claims of the Group.

2.1. Independent Claim 36

Independent claim 36 is directed to a method of dispensing one of a plurality of types of items to a customer from a vending machine. An original product selection is received from the customer, and an alternate product offer rule associated with the original product selection is selected.

The selected alternate product rule is evaluated, thereby producing an evaluated result. Depending on the evaluated result, either a product corresponding to the original product selection is dispensed, or an alternate product offer is presented to the customer.

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If said alternate product offer is presented to the customer, a response by the customer to said alternate product offer is sensed, and either (i) a product corresponding to said original product selection or a product corresponding to the alternate product offer according to the customer's response.

2.2. Advantages of Independent Claim 36

The embodiment of claim 36 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As discussed in the present application, by *presenting an alternate product offer to the customer*, the vending machine can effectively "market" to customers during a sales transaction. In addition, the product that is offered in the alternative will be one, which, typically, better addresses the objectives of the seller than the originally selected product. Thus, a sale of the alternative product could be more beneficial than a sale of the originally selected product. For example, the alternate product may be one which yields more profit than the product selected by the customer.

As discussed in the present application, by *presenting an alternate product offer to the customer [depending on an evaluated result]*, the customer may be provided with an offer only when the customer's *original product selection* meets certain conditions. For example, an original selection might not qualify for an offer if, e.g., the expiration date of the original product is less than a predetermined number of days. *Present Application*, page 5, lines 26 - 28. This is advantageous because, if the originally selected product will expire soon, it is probably better to sell that product to the customer, rather than another.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

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2.3. No Prima Facie Showing of Unpatentability of the Claims of Group II

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

The Examiner has rejected claim 36 with a single sentence that the claim is "rejected for substantially the same reasons as claim 1." Third Office Action, page 29. Claims 38 and 39 are likewise rejected with a single sentence. Third Office Action, page 29.

2.3.1. No showing that the references suggest *selecting an alternate product offer rule associated with said original product selection*

The Examiner has not shown that the references, alone or in combination, suggest *selecting an alternate product offer rule associated with said original product selection*. The Examiner has not even referred to this limitation. No reference discloses, suggests or even hints at a *rule* or an "*alternate product offer*", much less the limitation in claim 36.

Factual Findings

As described above in Sections 1.3.1 - 1.3.3, the only description of Malaspina by the Examiner consists of, for each of the forty four pending claims, a sentence that Malaspina "shows elements that suggest" the entire claim.

Specifically with respect to claim 36, the Examiner refers to the rejection of claim 1, which is legally insufficient, as discussed above.

No further reasoning is provided for the Examiner's interpretation of Malaspina. More specifically, there is no further discussion of the limitation of *selecting an alternate product offer rule associated with said original product selection* anywhere.

The Examiner does not assert that Bernard discloses or suggests *selecting an alternate product offer rule associated with said original product selection*. Bernard is described only as showing "elements that suggest: 'dispensing a second product that corresponds to said product selection if the customer has not so accepted ...'".

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These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *selecting an alternate product offer rule associated with said original product selection*.

The only discussion of Malaspina consists of, for every one of the forty four pending claims, a mere conclusory statement that Malaspina "shows elements that suggest" the entire claim. Nowhere in any Office Action has the Examiner asserted what any portion of Malaspina does explicitly disclose. In fact, Malaspina is a vending machine that vends a rechargeable battery pack and optionally allows a discharged battery to be returned and charged.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 36. In fact, the Examiner has not purported to have found such a motivation to modify, nor has the Examiner even acknowledged that the rejection requires that such a motivation exist in the record. Thus, the record provides no motivation to modify Malaspina as desired by the Examiner.

Malaspina does not disclose, suggest or even hint at any rule or *alternate product offer*, much less the limitation in claim 36 of *selecting an alternate product offer rule associated with said original product selection*. In Malaspina, the customer merely chooses to either purchase a new battery (Col. 3, line 58 - Col. 4, line 5) or exchange a spent battery for a fully charged one (Col. 4, lines 6 - 33). No rule of any kind is ever selected in Malaspina, much less an *alternate product offer rule associated with said original product selection*. Accordingly, none of the various limitations of claim 36 which involve an "alternate product offer rule" can be suggested by Malaspina. More specifically, Malaspina does not even hint at *selecting an alternate product offer rule associated with said original product selection*.

Thus, the Examiner has not shown that the references, alone or in combination, suggest *selecting an alternate product offer rule associated with said original product selection*. The rejection fails for at least this reason.

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2.3.2. No showing that the references suggest *evaluating said selected alternate product rule, thereby producing an evaluated result*

The Examiner has not shown that the references, alone or in combination, suggest *evaluating said selected alternate product rule, thereby producing an evaluated result*. The Examiner has not even referred to this limitation. No reference discloses, suggests or even hints at a *rule*, much less the limitation in claim 36.

Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *evaluating said selected alternate product rule, thereby producing an evaluated result* anywhere.

The Examiner does not even assert that Bernard discloses or suggests *evaluating said selected alternate product rule, thereby producing an evaluated result*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *evaluating said selected alternate product rule, thereby producing an evaluated result*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 36. Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

Malaspina does not disclose, suggest or even hint at a *rule* or an "*alternate product offer*", much less the limitation in claim 36 of *evaluating said selected alternate product rule, thereby producing an evaluated result*. In Malaspina, the customer merely chooses to either purchase a new battery (Col. 3, line 58 - Col. 4, line 5) or exchange a spent battery for a fully charged one (Col. 4, lines 6 - 33). No rule of any kind is ever evaluated, much less an *alternate product rule* which has been *selected*. Accordingly, Malaspina does not even hint at *evaluating said selected alternate product rule, thereby producing an evaluated result*. More generally, none of the

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various limitations of claim 36 which involve a *rule* or an "*alternate product offer*" can be suggested by Malaspina.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *evaluating said selected alternate product rule, thereby producing an evaluated result*. The rejection fails for at least this reason.

2.3.3. No showing that the references suggest *presenting an alternate product offer to the customer [depending on said evaluated result]*

The Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer to the customer [depending on said evaluated result]*. The Examiner has not even referred to this limitation. No reference discloses, suggests or even hints at a *rule* or an "*alternate product offer*", much less the limitation in claim 36.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *presenting an alternate product offer to the customer [depending on said evaluated result]* anywhere.

The Examiner does not assert that Bernard discloses or suggests *presenting an alternate product offer to the customer [depending on said evaluated result]*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *presenting an alternate product offer to the customer [depending on said evaluated result]*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 36). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

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As discussed above, Malaspina does not disclose, suggest or even hint at a rule or an "alternate product offer", much less the limitation in claim 36 of *presenting an alternate product offer to the customer [depending on said evaluated result]*. More generally, none of the various limitations of claim 36 which involve a rule or an "alternate product offer" can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to a rule, an alternate product offer or specific limitations of the claim which involve a rule an alternate product offer. Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer to the customer [depending on said evaluated result]*. The rejection fails for at least this reason.

2.3.4. No showing that the references suggest *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response*

The Examiner has not shown that the references, alone or in combination, suggest *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response*. The Examiner has not even referred to this limitation.

The references do not disclose, suggest or even hint at possibly *dispensing a product other than a selected product, much less an alternate product offer*.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response* anywhere.

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The Examiner does not assert that Bernard discloses or suggests *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.*

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.*

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 36). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at possibly *dispensing a product other than a selected product, much less an alternate product offer, much less dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.*

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.* Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.* The rejection fails for at least this reason.

2.3.5. No showing of a proper motivation to combine the references

Each rejection, including the rejection of claim 36, includes a modification of each reference, and then a combination of these modified teachings. The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

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Applicable Law

The applicable law is discussed above in Section 1.3.4.

No Substantial Evidence of a Motivation to Modify

No Substantial Evidence of a Motivation to Combine

Each rejection, including the rejection of claim 36 which the Examiner has based on claim 1, includes a modification of each reference, and then a combination of these modified teachings.

As discussed above in Section 1.3.4, the Examiner provides no motivation at all to modify either Malaspina or Bernard, even though the Examiner admits that the references only "suggest", not disclose, the claim limitations. The Examiner also provides an inappropriate motivation to combine these modified versions of Malaspina with Bernard. The rejection fails for at least these reasons.

2.3.6. Nonanalogous References

As discussed in above Section 1.3.5, the references are not analogous and thus cannot be combined as proposed by the Examiner. The rejection fails for at least this reason.

2.3.7. Level of Skill

As discussed above in Section 1.3.6, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group II, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group II, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 2.2 "Advantages of Independent Claim 36". Accordingly, for at least those reasons, the claims of Group II are patentable in view of the cited references.

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SEPARATE ARGUMENT OF PATENTABILITY

3. Group III

Group III includes independent claim 40, independent claim 41 and dependent claim 42.

As discussed below, the rejection of the claims of Group III is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group III. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group III can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group III obvious.

Independent claim 41 is a vending machine apparatus including a microprocessor which operates according to the method of claim 40. Dependent claim 42 depends from claim 41. Thus, although the discussion and arguments below refer to claim 40, they are likewise applicable to the remaining claims of the Group.

3.1. Independent Claim 40

Independent claim 40 is directed to a method of vending an item to a customer. An initial product selection signal is received from the customer. A product selection corresponding to said initial product selection signal is determined.

It is determined, according to a decision rule, whether said product selection qualifies for an alternate product offer. If said product selection does not qualify for an alternate product offer, a signal representative of an instruction to dispense an item of a type corresponding to said product selection is generated.

If said product selection does qualify for an alternate product offer, an alternate product offer is presented to the customer. A signal representative of the customer's response to said Group III

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alternate product offer is received, and a signal representative of an instruction to dispense an item of a type corresponding to the customer's response is generated.

3.2. Advantages of Independent Claim 40

The embodiment of claim 40 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As discussed in the present application, by *presenting an alternate product offer to the customer*, the vending machine can effectively "market" to customers during a sales transaction. In addition, the product that is offered in the alternative will be one, which, typically, better addresses the objectives of the seller than the originally selected product. Thus, a sale of the alternative product could be more beneficial than a sale of the originally selected product. For example, the alternate product may be one which yields more profit than the product selected by the customer.

As discussed in the present application, by *presenting an alternate product offer to the customer [if said product selection does qualify for an alternate product offer]*, the customer may be provided with an offer only when the customer's original *product selection* meets certain conditions. For example, an original selection might not qualify for an offer if, e.g., the expiration date of the original product is less than a predetermined number of days. *Present Application*, page 5, lines 26 - 28. This is advantageous because, if the originally selected product will expire soon, it is probably better to sell that product to the customer, rather than another.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

3.3. No Prima Facie Showing of Unpatentability of the Claims of Group III

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not *Group III*

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disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

The Examiner has rejected claim 40 with a single sentence that the claim is "rejected for substantially the same reasons as claim 1." Third Office Action, page 30. Claims 41 and 42 are rejected in generally the same conclusory manner as claim 1 is rejected (i.e. that the entirety of the claim is suggested by the references). Third Office Action, pages 32 - 33.

3.3.1. No showing that the references suggest *determining according to a decision rule whether said product selection qualifies for an alternate product offer*

The Examiner has not shown that the references, alone or in combination, suggest *determining according to a decision rule whether said product selection qualifies for an alternate product offer*. The Examiner has not even referred to this limitation. No reference discloses, suggests or even hints at a rule or an "alternate product offer", much less the limitation in claim 40.

Factual Findings

As described above in Sections 1.3.1 - 1.3.3, the only description of Malaspina by the Examiner consists of, for each of the forty four pending claims, a sentence that Malaspina "shows elements that suggest" the entire claim.

Specifically with respect to claim 40, the Examiner refers to the rejection of claim 1, which is legally insufficient, as discussed above.

No further reasoning is provided for the Examiner's interpretation of Malaspina. More specifically, there is no further discussion of the limitation of *determining according to a decision rule whether said product selection qualifies for an alternate product offer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *determining according to a decision rule whether said product selection qualifies for an alternate product offer*. Bernard is described only as showing "elements that suggest: 'dispensing a second product that corresponds to said product selection if the customer has not so accepted ...'".

These Findings Have No Support in the Record
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There is no substantial evidence in the record that Malaspina or any other reference would suggest *determining according to a decision rule whether said product selection qualifies for an alternate product offer*.

The only discussion of Malaspina consists of, for every one of the forty four pending claims, a mere conclusory statement that Malaspina "shows elements that suggest" the entire claim. Nowhere in any Office Action has the Examiner asserted what any portion of Malaspina does explicitly disclose. In fact, Malaspina is a vending machine that vends a rechargeable battery pack and optionally allows a discharged battery to be returned and charged.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 40. In fact, the Examiner has not purported to have found such a motivation to modify, nor has the Examiner even acknowledged that the rejection requires that such a motivation exist in the record. Thus, the record provides no motivation to modify Malaspina as desired by the Examiner.

Malaspina does not disclose, suggest or even hint at any *rule* or *alternate product offer*, much less the limitation in claim 40 of *determining according to a decision rule whether said product selection qualifies for an alternate product offer*. In Malaspina, the customer merely chooses to either purchase a new battery (Col. 3, line 58 - Col. 4, line 5) or exchange a spent battery for a fully charged one (Col. 4, lines 6 - 33). In Malaspina, nothing is determined according to a rule, much less *determining according to a decision rule whether said product selection qualifies for an alternate product offer*. Accordingly, none of the various limitations of claim 40 which involve an "*alternate product offer rule*" can be suggested by Malaspina.

Thus, the Examiner has not shown that the references, alone or in combination, suggest *determining according to a decision rule whether said product selection qualifies for an alternate product offer*. The rejection fails for at least this reason.

3.3.2. No showing that the references suggest *presenting an alternate product offer to the customer*

The Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer to the customer*. The Examiner has not even referred to

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this limitation. No reference discloses, suggests or even hints at an "*alternate product offer*", much less the limitation in claim 40.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *presenting an alternate product offer to the customer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *presenting an alternate product offer to the customer*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *presenting an alternate product offer to the customer*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 40). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at a rule or an "*alternate product offer*", much less the limitation in claim 40 of *presenting an alternate product offer to the customer*. More generally, none of the various limitations of claim 40 which involve a rule or an "*alternate product offer*" can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to a rule, an *alternate product offer* or specific limitations of the claim which involve a rule an *alternate product offer*. Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *presenting an alternate product offer to the customer*. The rejection fails for at least this reason.

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3.3.3. No showing that the references suggest *receiving a signal representative of the customer's response to said alternate product offer*

The Examiner has not shown that the references, alone or in combination, suggest *receiving a signal representative of the customer's response to said alternate product offer*. The Examiner has not even referred to this limitation. No reference discloses, suggests or even hints at a *response* to any type of *offer*, much less the limitation in claim 40.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *receiving a signal representative of the customer's response to said alternate product offer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *receiving a signal representative of the customer's response to said alternate product offer*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *receiving a signal representative of the customer's response to said alternate product offer*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 40). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at a *response* to any type of *offer*, much less the limitation in claim 40 of *receiving a signal representative of the customer's response to said alternate product offer*. More generally, none of the various limitations of claim 40 which involve a *response* to an *offer* can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to a *response*, an *alternate product offer* or specific limitations of the claim which involve a *response* to an *alternate product offer*. Each such portion has been discussed above.

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Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *receiving a signal representative of the customer's response to said alternate product offer*. The rejection fails for at least this reason.

3.3.4. No showing that the references suggest *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*

The Examiner has not shown that the references, alone or in combination, suggest *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*. The Examiner has not even referred to this limitation.

The references do not even hint at *dispensing any product other than the selected product*.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no discussion of the limitation of *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response* anywhere.

The Examiner does not assert that Bernard discloses or suggests *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 40). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at possibly *dispensing a product other than the selected product*, much less *generating a signal*
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representative of an instruction to dispense an item of a type corresponding to the customer's response.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*. Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response*. The rejection fails for at least this reason.

3.3.5. No showing of a proper motivation to combine the references

Each rejection, including the rejection of claim 40, includes a modification of each reference, and then a combination of these modified teachings. The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

Applicable Law

The applicable law is discussed above in Section 1.3.4.

No Substantial Evidence of a Motivation to Modify

No Substantial Evidence of a Motivation to Combine

Each rejection, including the rejection of claim 40 which the Examiner has based on claim 1, includes a modification of each reference, and then a combination of these modified teachings.

As discussed above in Section 1.3.4, the Examiner provides no motivation at all to modify either Malaspina or Bernard, even though the Examiner admits that the references only "suggest", not disclose, the claim limitations. The Examiner also provides an inappropriate motivation to combine these modified versions of Malaspina with Bernard. The rejection fails for at least these reasons.

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3.3.6. Nonanalogous References

As discussed in above Section 1.3.5, the references are not analogous and thus cannot be combined as proposed by the Examiner. The rejection fails for at least this reason.

3.3.7. Level of Skill

As discussed above in Section 1.3.6, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group III, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group III, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 3.2 "Advantages of Independent Claim 40". Accordingly, for at least those reasons, the claims of Group III are patentable in view of the cited references.

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SEPARATE ARGUMENT OF PATENTABILITY

4. Group IV

Group IV includes independent claim 43.

As discussed below, the rejection of the claims of Group IV is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group IV. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group IV can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group IV obvious.

4.1. Independent Claim 43

Independent claim 43 is directed to a method in which a selection of a first product from a vending machine is received.

An offer for a second product in lieu of the first product is presented. The second product is more profitable than the first product.

It is determined if the customer has accepted the offer. The second product is dispensed if the customer has accepted the offer.

4.2. Advantages of Independent Claim 43

The embodiment of claim 43 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

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As discussed in the present application, by *presenting an offer for a second product in lieu of the first product*, the vending machine can effectively "market" to customers during a sales transaction. In addition, the product that is offered in the alternative will be one, which, typically, better addresses the objectives of the seller than the originally selected product. Thus, a sale of the alternative product could be more beneficial than a sale of the originally selected product.

As discussed in the present application, by *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*, the customer is provided with an offer for another product which is more profitable than the originally selected product. Thus, the sale of the second product would confer more profit than the sale of the product the customer selected.

As discussed in the present application, by *dispensing the second product if the customer has accepted the offer*, the vending machine dispenses another (more profitable) product than the one originally selected by the customer.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

4.3. No Prima Facie Showing of Unpatentability of the Claims of Group IV

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

4.3.1. No showing that the references suggest *presenting an offer for a second product in lieu of the first product*

The Examiner has not shown that the references, alone or in combination, suggest *presenting an offer for a second product in lieu of the first product*. The Examiner has not even

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referred to this limitation. No reference suggests or even hints at an offer for one product in lieu of another product, much less the limitation in claim 43.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *presenting an offer for a second product in lieu of the first product* anywhere.

The Examiner does not assert that Bernard discloses or suggests *presenting an offer for a second product in lieu of the first product*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *presenting an offer for a second product in lieu of the first product*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 43). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not suggest or even hint at an offer for one product in lieu of another product, much less the limitation in claim 43 of *presenting an offer for a second product in lieu of the first product*.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to *offers*, or specific limitations of the claim which involve an *offer*. Each such portion of Malaspina has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *presenting an offer for a second product in lieu of the first product*. The rejection fails for at least this reason.

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4.3.2. No showing that the references suggest *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*

The Examiner has not shown that the references, alone or in combination, suggest *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*. The Examiner has not even referred to this limitation. No reference suggests or even hints at an *offer or profit*, much less the limitation in claim 43.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product* anywhere.

The Examiner does not assert that Bernard discloses or suggests *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 43). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at an *offer or profit*, much less the limitation in claim 43 of *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*. More generally, none of the various limitations of claim 43 which involve *profit* can be suggested by

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In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to an *offer*, *profit* or specific limitations of the claim which involve an *offer* or *profit*. Each such portion of Malaspina has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product*. The rejection fails for at least this reason.

4.3.3. No showing that the references suggest *dispensing the second product if the customer has accepted the offer*

The Examiner has not shown that the references, alone or in combination, suggest *dispensing the second product if the customer has accepted the offer*. The Examiner has not even referred to this limitation.

The references do not even hint at *dispensing any product* other than the *selected product*.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no discussion of the limitation of *dispensing the second product if the customer has accepted the offer* anywhere.

The Examiner does not assert that Bernard discloses or suggests *dispensing the second product if the customer has accepted the offer*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *dispensing the second product if the customer has accepted the offer*.

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In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 43). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at possibly *dispensing a product* other than the *selected product*, much less *dispensing the second product if the customer has accepted the offer*.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to *dispensing the second product if the customer has accepted the offer*. Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *dispensing the second product if the customer has accepted the offer*. The rejection fails for at least this reason.

4.3.4. No showing of a proper motivation to combine the references

Each rejection, including the rejection of claim 43, includes a modification of each reference, and then a combination of these modified teachings. The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

Applicable Law

The applicable law is discussed above in Section 1.3.4.

No Substantial Evidence of a Motivation to Modify

No Substantial Evidence of a Motivation to Combine

Each rejection, including the rejection of claim 43 which the Examiner has based on claim 1, includes a modification of each reference, and then a combination of these modified teachings.

As discussed above in Section 1.3.4, the Examiner provides no motivation at all to modify either Malaspina or Bernard, even though the Examiner admits that the references only "suggest", not disclose, the claim limitations. The Examiner also provides an inappropriate *Group IV*

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motivation to combine these modified versions of Malaspina with Bernard. The rejection fails for at least these reasons.

4.3.5. Nonanalogous References

As discussed in above Section 1.3.5, the references are not analogous and thus cannot be combined as proposed by the Examiner. The rejection fails for at least this reason.

4.3.6. Level of Skill

As discussed above in Section 1.3.6, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group IV, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group IV, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 4.2 "Advantages of Independent Claim 43". Accordingly, for at least those reasons, the claims of Group IV are patentable in view of the cited references.

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SEPARATE ARGUMENT OF PATENTABILITY

5. Group V

Group V includes independent claim 44.

As discussed below, the rejection of the claims of Group V is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group V. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group V can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group V obvious.

5.1. Independent Claim 44

Independent claim 44 is directed to a method in which a selection of a first product from a vending machine is received. A profit margin of the first product is determined.

A second product that has a profit margin greater than the profit margin of the first product is determined. An offer for the second product instead of the first product is displayed.

An acceptance of the offer is received, and the second product is dispensed.

5.2. Advantages of Independent Claim 44

The embodiment of claim 44 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As discussed in the present application, by *displaying an offer for the second product instead of the first [selected] product*, the vending machine can effectively "market" to customers *Group V*

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during a sales transaction. In addition, the product that is offered in the alternative will be one, which, typically, better addresses the objectives of the seller than the originally selected product. Thus, a sale of the alternative product could be more beneficial than a sale of the originally selected product.

As discussed in the present application, by *displaying an offer for the second product instead of the first [selected] product [in which the second product has a profit margin greater than the profit margin of the first product]*, the customer is provided with an offer for another product which is more profitable than the originally selected product. Thus, the sale of the second product would confer more profit than the sale of the product the customer selected.

As discussed in the present application, by *dispensing the second product*, the vending machine dispenses another (more profitable) product than the one originally selected by the customer.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

5.3. No Prima Facie Showing of Unpatentability of the Claims of Group V

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

5.3.1. No showing that the references suggest *displaying an offer for the second product instead of the first [selected] product*

The Examiner has not shown that the references, alone or in combination, suggest *displaying an offer for the second product instead of the first [selected] product*. The Examiner has not even referred to this limitation. No reference suggests or even hints at an offer for one product in lieu of another product, much less the limitation in claim 44.

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Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *displaying an offer for the second product instead of the first [selected] product* anywhere.

The Examiner does not assert that Bernard discloses or suggests *displaying an offer for the second product instead of the first [selected] product*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *displaying an offer for the second product instead of the first [selected] product*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 44). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not suggest or even hint at an offer for one product in lieu of another product, much less the limitation in claim 44 of *displaying an offer for the second product instead of the first [selected] product*.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to *offers*, or specific limitations of the claim which involve an *offer*. Each such portion of Malaspina has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *displaying an offer for the second product instead of the first [selected] product*. The rejection fails for at least this reason.

5.3.2. No showing that the references suggest *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]*

The Examiner has not shown that the references, alone or in combination, suggest *displaying an offer for the second product instead of the first product [in which the second Group V*

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product that has a profit margin greater than the profit margin of the first product]. The Examiner has not even referred to this limitation. No reference suggests or even hints at an *offer* or *profit*, much less the limitation in claim 44.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no further discussion of the limitation of *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]* anywhere.

The Examiner does not assert that Bernard discloses or suggests *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 44). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at an *offer* or *profit*, much less the limitation in claim 44 of *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]*. More generally, none of the various limitations of claim 44 which involve *profit* can be suggested by Malaspina.

In supporting his conclusory characterization of Malaspina, the Examiner refers to specific portions of Malaspina, none of which are at all relevant to an *offer*, *profit* or specific limitations of the claim which involve an *offer* or *profit*. Each such portion of Malaspina has been discussed above.

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Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *displaying an offer for the second product instead of the first product [in which the second product that has a profit margin greater than the profit margin of the first product]*. The rejection fails for at least this reason.

5.3.3. No showing that the references suggest *dispensing the second product [other than the one selected]*

The Examiner has not shown that the references, alone or in combination, suggest *dispensing the second product [other than the one selected]*. The Examiner has not even referred to this limitation.

The references do not even hint at *dispensing any product* other than the *selected product*.

Examiner's Proposed Factual Findings

As discussed above, the only discussion of Malaspina consists of, for each of the forty four pending claims, a conclusory sentence that Malaspina "shows elements that suggest" the entire claim. No reasoning or explanation is provided for these conclusory statements. More specifically, there is no discussion of the limitation of *dispensing the second product [other than the one selected]* anywhere.

The Examiner does not assert that Bernard discloses or suggests *dispensing the second product [other than the one selected]*.

These Findings Have No Support in the Record

There is no substantial evidence in the record that Malaspina or any other reference would suggest *dispensing the second product [other than the one selected]*.

In addition, there is no discussion of what teaching would prompt one to modify Malaspina to yield the entirety of claim 1 (or claim 44). Thus, the record provides no motivation to modify Malaspina in the manner proposed by the Examiner.

As discussed above, Malaspina does not disclose, suggest or even hint at possibly *dispensing a product* other than the *selected product*, much less *dispensing the second product [which has a profit margin greater than the profit margin of the first product]*.
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In supporting his conclusory characterization of *Malaspina*, the Examiner refers to specific portions of *Malaspina*, none of which are at all relevant to *dispensing the second product [other than the one selected]*. Each such portion has been discussed above.

Thus, in summary, the Examiner has not shown that the references, alone or in combination, suggest *dispensing the second product [other than the one selected]*. The rejection fails for at least this reason.

5.3.4. No showing of a proper motivation to combine the references

Each rejection, including the rejection of claim 44, includes a modification of each reference, and then a combination of these modified teachings. The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

Applicable Law

The applicable law is discussed above in Section 1.3.4.

No Substantial Evidence of a Motivation to Modify

No Substantial Evidence of a Motivation to Combine

Each rejection, including the rejection of claim 44 which the Examiner has based on claim 1, includes a modification of each reference, and then a combination of these modified teachings.

As discussed above in Section 1.3.4, the Examiner provides no motivation at all to modify either *Malaspina* or *Bernard*, even though the Examiner admits that the references only "suggest", not disclose, the claim limitations. The Examiner also provides an inappropriate motivation to combine these modified versions of *Malaspina* with *Bernard*. The rejection fails for at least these reasons.

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5.3.5. Nonanalogous References

As discussed in above Section 1.3.5, the references are not analogous and thus cannot be combined as proposed by the Examiner. The rejection fails for at least this reason.

5.3.6. Level of Skill

As discussed above in Section 1.3.6, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group V, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group V, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 5.2 "Advantages of Independent Claim 44". Accordingly, for at least those reasons, the claims of Group V are patentable in view of the cited references.

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SEPARATE ARGUMENT OF PATENTABILITY

6. Group VI

Group VI includes dependent claims 4 - 6, 8 - 12, 14 - 22, 24 - 26 and 31 - 33.

All claims in Group VI depend from claim 1 (Group I). Thus, every claim in Group VI is patentable for the same reasons the claims of Group I are patentable.

In addition, regardless of the patentability of claim 1, the rejection of the claims of Group VI is flawed because the Examiner has not made a prima facie case of unpatentability of any claim of Group VI. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

Further, no claim of Group VI can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim. Further, the prior art of record does not contain any proper motivation to combine or modify the references in any way which renders any claim of Group VI obvious.

6.1. No Prima Facie Showing of Unpatentability of the Claims of Group VI

The Examiner has based his rejections of the claims of Group VI on a view of the prior art which is unsupported by the record. Even after Appellants requested documentary support, the Examiner refused to provide any evidence supporting his allegations about the scope and content of the prior art. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

6.1.1. Official Notice was taken of the limitations of the claims

The Examiner based the rejections of the claims of Group VI on "Official Notice". Specifically, the Examiner took official notice that "both the concept and the advantages of" the

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entirety of each dependent claim was "expected in the art". Third Office Action, pages 7, 8, 10 - 13, 15 - 22, 27 and 28.

Appellants filed a Request for Continuing Examination and requested support for all instances of Official Notice. Appellants' Second Response, pages 2 - 7.

6.1.2. Support was not provided for any Official Notice

Despite Appellants' request, the Examiner in the next Office Action did not provide any support for the asserted view of the prior art. Instead, the Examiner stated that no such support was required for two reasons. According to the Examiner's understanding, Appellants were required to challenge Official Notice in the next response, or the subject matter is taken to be admitted. Also according to the Examiner's understanding, Appellants were required to create a reasonable doubt regarding the circumstances justifying the Official Notice. Third Office Action, pages 35 - 36.

6.1.3. Substantial Evidence is Required of All Factual Findings

In a determination of obviousness, factual findings as to scope and content of the prior art, level of ordinary skill in the art, differences between the claimed invention and the prior art, and secondary considerations of nonobviousness must be supported by substantial evidence. Novamedix Distrib. Ltd. v. Dickinson, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

6.1.4. Absent Substantial Evidence, No Prima Facie Case Exists

To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

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The initial burden of presenting a prima facie case of obviousness is upon the examiner. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). If the examiner fails to establish a prima facie case, the rejection is improper and will be overturned. *In re Rijckaert*, 9 F.3d 1531, 1532 (Fed. Cir. 1993); *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992) (emphasis added).

6.1.5. There is no "Official Notice" doctrine which overrules this need for substantial evidence support of a prima facie case

The Examiner did not provide any evidence which supports the "official notice". Thus, those unsupported assertions regarding the scope and content of the prior art clearly lack substantial evidence support. Thus, no prima facie case has ever been made, and without more, Appellants are entitled to a grant of patent.

The Examiner states two propositions of law which are clearly incorrect:

- (i) since Appellants did not specifically request substantial evidence for the Examiner's assertions until the Appellants' Second Response, no substantial evidence is required, and
- (ii) since Appellants have not shown the assertions to be false, no substantial evidence is required.

Regarding the first point, it is clear that nothing removes the requirement for substantial evidence support mandated by 5 U.S.C. § 706. *Dickinson v. Zurko*, 527 U.S. 150, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999).

Any contrary belief is based on a misinterpretation of case law. No court has ever held that substantial evidence is not required if the Applicant does not challenge its accuracy on the very first opportunity during prosecution. On the contrary, the case law clearly demonstrates that the Applicant is prevented only from challenging factual findings for the first time on appeal to the Board or to a court.

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See, e.g., In re Chevcmard, 31 C.C.P.A. 802, 805, 139 F.2d 711 (CCPA 1943) (official notice not traversable for the first time on appeal to court "[i]n the absence of anything in the record to contradict the examiner's holding, and in the absence of any demand by appellant for the examiner to produce authority for his statement") (emphasis added); In re Weiskopf, 41 C.C.P.A. 777, 780, 210 F.2d 287 (CCPA 1954) ("If the facts relied upon by the examiner do not constitute a matter of common knowledge, appellant may not for the first time challenge the validity of his rejection for that reason on appeal to this court.") (emphasis added); In re Gunther, 29 C.C.P.A. 888, 893, 125 F.2d 1020 (CCPA 1942) (examiner's official notice "was not challenged before the Patent Office") (emphasis added); In re Soli, 317 F.2d 941, 946 (CCPA 1963) ("It is neither the function of oral arguments nor briefs before this court to question for the first time the propriety of actions of the examiner or the board to which a response conveniently could have been made before the Patent Office.") (emphasis added); In re Ahlert, 424 F.2d 1088, 1091 - 1092, 57 C.C.P.A. 1023, 1028 (CCPA 1970) (On appeal to the C.C.P.A. from the Board's new rejection based on official notice, proper means to challenge the accuracy of the official notice would have been, per Rule 196(b), to either have the matter reconsidered by the primary examiner, or have the case reconsidered by the Board of Appeals);

This prohibition against introducing new factual arguments during appeal assures that issues are crystallized before appeal. In re Soli, 317 F.2d 941, 946 (CCPA 1963) ("This court has long held that wherever possible, issues should be crystallized before appeal to this court. It is neither the function of oral arguments nor briefs before this court to question for the first time the propriety of actions of the examiner or the board to which a response conveniently could have been made before the Patent Office.").

Nevertheless, given the more recent Supreme Court decision of Dickinson v. Zurko, which requires that the record provide substantial evidence, it is unlikely that an Applicant would be prevented from challenging factual findings at any stage which are unsupported by substantial evidence. Thus, notwithstanding these older C.C.P.A. decisions, the Applicant may have no duty to challenge factual findings even on appeal.

Regarding the second point, nothing compels Appellants to "rebut" official notice or "create reasonable doubt" about its propriety. No case law supports that notion, nor does the Examiner cite any case law as support. It is worth noting that M.P.E.P. 2144.03 (cited as support

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for this notion) has been changed to eliminate the suggestion that Applicants must "create reasonable doubt" regarding the official notice.

6.1.6. 'Official Notice' cannot be the basis for a rejection

Officially-noted subject matter cannot be used as the basis for a rejection under Sections 102 or 103. Official Notice may be used, if at all, only to clarify the meaning of a reference. See, e.g., *In re Ahlert*, 424 F.2d 1088 (C.C.P.A. 1969) ("Typically, it is found necessary to take notice of facts which may be used to supplement or clarify the teaching of a reference disclosure, perhaps to justify or explain a particular inference to be drawn from the reference teaching.") (emphasis added).

In other words, official notice of what existed in the prior art is not permitted. A reference must be provided to show the scope and content of the prior art. See, e.g., *In re Ahlert*, 424 F.2d 1088 (C.C.P.A. 1969) ("Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art and the appellant given, in the Patent Office, the opportunity to challenge the correctness of the assertion or the notoriety or repute of the cited reference. ... Allegations concerning specific 'knowledge' of the prior art, which might be peculiar to a particular art should also be supported and the appellant similarly given the opportunity to make a challenge.") (emphasis added); *In re Eynde*, 480 F.2d 1364 (C.C.P.A. 1973) ("[W]e reject the notion that judicial or administrative notice may be taken of the state of the art. Facts constituting the state of the art in a patent case are normally subject to the possibility of rational disagreement among reasonable men, and are not amenable to the taking of judicial or administrative notice.") (emphasis added); *In re Pardo*, 684 F.2d 912 (C.C.P.A. 1982) ("[T]his court will always construe [the rule permitting judicial notice] narrowly and will regard facts found in such manner with an eye toward narrowing the scope of any conclusions to be drawn therefrom. Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art.") (emphasis added)

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group VI, none of the references (alone or in combination) disclose or suggest the *Group VI*

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limitations of the claims of Group VI, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 6.2 "Advantages of Independent Claim 36". Accordingly, for at least those reasons, the claims of Group VI are patentable in view of the cited references.

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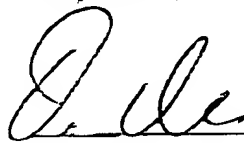
CONCLUSION

Thus, the Examiner's rejection of the pending claims are is improper at least because the all pending claims are directed to statutory subject matter. In addition, the references, alone or in combination, do not disclose or suggest all the limitations of any claim. In addition, in the obviousness rejections the Examiner has improperly combined the references because there is no adequate reasoning or support in the prior art for making the proposed combination. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,



Dean Alderucci
Attorney for Appellants
Registration No. 40,484
Walker Digital, LLC
Alderucci@WalkerDigital.com
(203) 461-7337 /voice
(203) 461-7300 /fax

November 24, 2003
Date

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APPENDIX A
CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

Claims 1 – 44 are pending and appealed.

Claims 1, 34, 36, 38, 40, 41, 43 and 44 are independent.

1. A method of automatically dispensing a product to a customer, comprising the steps of:
 - (a) receiving a product selection from the customer;
 - (b) determining whether said product selection qualifies for an alternate product offer;
 - (c) presenting an alternate product offer message if said product selection so qualifies;
 - (d) determining if the customer has accepted said alternate product offer, and,
 - (e) dispensing a first product that corresponds to said alternate product offer if the customer has so accepted, or,
 - (f) dispensing a second product that corresponds to said product selection if the customer has not so accepted.
2. A method according to Claim 1, wherein a database is provided, said database containing at least one decision rule, and step (b) includes the steps of:
 - (b1) determining if any decision rule in said database is associated with said product selection,
 - (b2) if no decision rule in said database is associated with said product selection, then, determining that said product selection does not qualify for an alternate product offer,
 - (b3) if at least one decision rule in said database is associated with said product selection, then,
 - choosing one of said at least one associated decision rule, and,
 - determining from said chosen decision rule whether said product selection qualifies for an alternate product offer.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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3. A method according to Claim 2,
wherein a plurality of decision rules in said database are identified in step (b1) as being associated with said product selection, and
wherein the step of choosing comprises:
 - (i) choosing one of said plurality of decision rules according to a predetermined rule selection hierarchy.
4. A method according to Claim 1, wherein step (b) includes the steps of:
 - (b1) choosing an alternate product,
 - (b2) determining an acceptance rate of said chosen alternate product in relation to said product selection, and,
 - (b3) determining whether said product selection qualifies for an alternate product offer based on said acceptance rate.
5. A method according to Claim 4, wherein step (b3) includes the step of:
 - (i) determining that said product selection qualifies for an alternate product offer if said acceptance rate is greater than a predetermined value.
6. A method according to Claim 1,
wherein there is at least one product item associated with said product selection and each of said at least one product item has an expiration date associated therewith,
and wherein step (b) includes the steps of:
 - (b1) choosing an alternate product having at least one product item associated therewith,
 - (b2) determining an expiration date for a predetermined one of said at least one product item associated with said alternate product, and,
 - (b3) determining that said product selection qualifies for an alternate product offer if said determined expiration date of the predetermined product item is a later date than said expiration date of the predetermined alternate product item.

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7. A method according to Claim 6, wherein said predetermined one of said at least one product item associated with said alternate product is a next vendible product item.
8. A method according to Claim 1, wherein step (b) includes the steps of:
- (b1) choosing an alternate product having at least one product item associated therewith, each of said at least one product item having an expiration date associated therewith,
 - (b2) determining an item expiration date for a predetermined one of said at least one product item associated with said alternate product, and,
 - (b3) using said item expiration date to determine whether said product selection qualifies for an alternate product offer.
9. A method according to Claim 1, wherein there is at least one product item associated with said product selection, and wherein step (b) includes the steps of:
- (b1) determining an item expiration date for a predetermined one of said at least one product item associated with said product selection, and,
 - (b2) using said item expiration date to determine whether said product selection qualifies for an alternate product offer.
10. A method according to Claim 1,
- wherein there is a profit margin associated with said product selection, and,
- wherein step (b) includes the steps of:
- (b1) choosing an alternate product,
 - (b2) obtaining a profit margin associated with said alternate product, and,
 - (b3) determining that said product selection qualifies for an alternate product offer if said alternate product profit margin is greater than said profit margin associated with said product selection.

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11. A method according to Claim 10,
wherein there is at least one product item associated with said chosen alternate product,
wherein each of said at least one product item associated with said chosen alternate product has an expiration date, and,
wherein said profit margin associated with said alternate product is chosen to be a function of said expiration date.
12. A method according to Claim 1, wherein step (b) includes the steps of:
(b1) selecting an alternate product,
(b2) determining an available quantity of vendible product items associated with said product selection, and,
(b3) using said available quantity of vendible product items associated with said product selection to determine whether said product selection qualifies for an alternate product offer.
13. A method according to Claim 12,
wherein an database is provided, said database containing a count of vendible items associated with at least said product selection and,
wherein step (b2) includes the step of:
(i) determining from said database an available quantity of vendible items associated with said product selection.
14. A method according to Claim 1, wherein step (b) includes the steps of:
(b1) selecting an alternate product,
(b2) determining an available quantity of vendible product items associated with said alternate product, and,
(b3) using said available quantity of vendible product items associated with said alternate product to determine whether said product selection qualifies for an alternate product offer.

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15. A method according to Claim 1, wherein step (b) includes the steps of:
- (b1) determining a demand rate for said product selection,
 - (b2) choosing an alternate product,
 - (b3) determining a demand rate for said alternate product,
 - (b4) comparing said demand rate for said product selection and said demand rate for said alternate product, and,
 - (b5) determining based on said step of comparing whether said product selection qualifies for an alternate product offer.
16. A method according to Claim 1, wherein step (b) includes the steps of:
- (b1) selecting an alternate product,
 - (b2) determining a demand rate for said product selection,
 - (b3) comparing said demand rate with a predetermined rate, and,
 - (b4) determining based on said step of comparing whether said product selection qualifies for an alternate product offer.
17. A method according to Claim 1, wherein step (b) includes the steps of:
- (b1) selecting an alternate product, said alternate product having at least one product item associated therewith,
 - (b2) determining a number of days until expiration for a predetermined one of said at least one product item associated with said alternate product,
 - (b3) comparing said number of days until expiration with a predetermined number of days, and,
 - (b4) determining based on said step of comparing whether said product selection qualifies for an alternate product offer.
18. A method according to Claim 1, wherein said alternate product offer message includes an offer of an incentive for the customer to purchase another item.
19. A method according to Claim 18, wherein said offer of an incentive is an offer of a future incentive.

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20. A method according to Claim 18, wherein said offer of an incentive is accompanied by a presentation of a coupon code representative of said offer of an incentive.
21. A method according to Claim 20, wherein said coupon code comprises a character sequence.
22. A method according to Claim 21, wherein a representative of an offer expiration date is encoded within said character sequence.
23. A method according to Claim 18, wherein said another item is a product item associated with said alternate product offer.
24. A method according to Claim 18, wherein said offer of an incentive is an offer of a discount in price.
25. A method according to Claim 24, wherein said offer of a discount is an offer of a present discount.
26. A method according to Claim 24, wherein said offer of a discount in price includes an offer of a discount for an item corresponding to said alternate product offer.
27. A method according to Claim 1, wherein said alternate product offer message includes an offer of a plurality of different alternate products.
28. A method according to Claim 1, wherein step (f) includes the steps of:
- (f1) determining whether said product selection qualifies for a further alternate product offer,
 - (f2) presenting a further alternate product offer message if said product selection so qualifies,
 - (f3) determining if the customer has accepted said further alternate product offer, and,
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(f4) dispensing a third product that corresponds to said further alternate product offer if the customer has so accepted, and,

(f5) dispensing a second product that corresponds to said product selection if the customer has not so accepted.

29. A method according to Claim 1, wherein step (a) includes the step of:

(a1) receiving an amount of money from the customer.

30. A method according to Claim 29, wherein said amount of money is greater than a price of said product selection and wherein said alternate product offer message includes an offer to purchase an alternate product having a higher price than said price of said product selection.

31. A method according to Claim 30, wherein said offer to purchase said alternate product includes an offer to purchase said alternate product at a special price approximately equal to said amount of money received from the customer.

32. A method according to Claim 31 wherein said special price is a discounted price.

33. A method according to Claim 1, wherein step (c) includes the steps of:

(c1) selecting a plurality of products, each of said plurality of products having a profit margin associated therewith,

(c2) determining which of said associated profit margins is a largest profit margin,

(c3) identifying which of said plurality of products is associated with said largest profit margin,

(c4) selecting for presentation in an alternate product offer message any product so identified, and,

(c5) presenting said alternate product offer message if said product selection so qualifies.

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34. A storage device adapted for use with a microprocessor wherein a plurality of computer instructions defining the method of Claim 1 are encoded, said storage device being readable by said microprocessor, and said computer instructions directing said microprocessor to perform said method.

35. A storage device according to Claim 34, wherein said storage device is selected from the group consisting of computer RAM, computer ROM, a PROM chip, flash RAM, a ROM card, a RAM card, a floppy disk, a magnetic disk, a magnetic tape, a magneto-optical disk, an optical disk, a CD-ROM disk, and a DVD disk.

36. A method of dispensing one of a plurality of types of items to a customer from a vending machine, comprising the steps of:

- (a) receiving an original product selection from the customer;
- (b) selecting an alternate product offer rule associated with said original product selection;
- (c) evaluating said selected alternate product rule, thereby producing an evaluated result;
- (d) depending on said evaluated result, either, dispensing a product corresponding to said original product selection, or presenting an alternate product offer to the customer; and,
- (e) if said alternate product offer is presented to the customer,
 - (e1) sensing a response by the customer to said alternate product offer; and,
 - (e2) dispensing either a product corresponding to said original product selection or a product corresponding to said alternate product offer according to the customer's response.

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37. A method according to Claim 36, wherein a rules database is provided, said rules database containing at least one decision rule therein, and step (b) includes the steps of:
- (b1) identifying any decision rule in said rules database associated with said product selection,
 - (b2) if no decision rule in said rules database is so identified, choosing a null rule as an associated alternate product offer rule, and,
 - (b3) if at least one decision rule in said rules database is so identified, then, choosing one of said at least one identified associated alternate product offer rules.
38. A storage device adapted for use with a microprocessor wherein a plurality of computer instructions defining the method of Claim 36 are encoded, said storage device being readable by said microprocessor, and said computer instructions directing said microprocessor to perform said method.
39. A storage device according to Claim 38, wherein said storage device is selected from the group consisting of computer RAM, computer ROM, a PROM chip, flash RAM, a ROM card, a RAM card, a floppy disk, a magnetic disk, a magnetic tape, a magneto-optical disk, an optical disk, a CD-ROM disk, and a DVD disk.

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40. A method of vending an item to a customer, comprising the steps of:
- (a) receiving an initial product selection signal from the customer;
 - (b) determining a product selection corresponding to said initial product selection signal;
 - (c) determining according to a decision rule whether said product selection qualifies for an alternate product offer;
 - (d) if said product selection does not qualify for an alternate product offer, generating a signal representative of an instruction to dispense an item of a type corresponding to said product selection; and,
 - (e) if said product selection does qualify for an alternate product offer,
 - (e1) presenting an alternate product offer to the customer,
 - (e2) receiving a signal representative of the customer's response to said alternate product offer; and,
 - (e3) generating a signal representative of an instruction to dispense an item of a type corresponding to the customer's response.
41. A vending machine apparatus for presenting alternate product choices to a customer, comprising:
- (a) a vending machine capable of distributing a plurality of product types, said vending machine having an input device for receiving at least a product selection from said customer;
 - (b) a microprocessor, said microprocessor controlling the distribution of said plurality product types by said vending machine according to the method of Claim 40,
 - being in electrical communication with said input device, and,
 - being responsive to said input device; and,
 - (c) a message output device responsive to said microprocessor, said message output device for presenting said alternate product offer message to said customer.

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42. A vending machine apparatus according to Claim 41, wherein said message output device includes at least one element selected from the group consisting of an audio speaker, an LED display, an LCD display, a video display device, a touch sensitive video display device, and a printer.

43. A method comprising:
receiving a selection of a first product from a vending machine;
presenting an offer for a second product in lieu of the first product, in which the second product is more profitable than the first product;
determining if the customer has accepted the offer; and
dispensing the second product if the customer has accepted the offer.

44. A method comprising:
receiving a selection of a first product from a vending machine;
determining a profit margin of the first product;
determining a second product that has a profit margin greater than the profit margin of the first product;
displaying an offer to for the second product instead of the first product;
receiving an acceptance of the offer; and
dispensing the second product.

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APPENDIX B
CHART SHOWING CLAIM DEPENDENCIES

Claims 1 – 44 are pending and appealed.

Claims 1, 34, 36, 38, 40, 41, 43 and 44 are independent.

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CHART SHOWING CLAIM DEPENDENCIES

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CHART SHOWING CLAIM DEPENDENCIES

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COPY

**Aimée J. Knoller
Records Manager
Walker Digital Management, LLC
Five High Ridge Park
Stamford, CT 06905**

Commissioner for Patents:

Date Received:

Applicant: WALKER et al.
Serial No.: 09/345,092
Filing Date: March 27, 1998
Title: VENDING MACHINE SYSTEM AND METHOD FOR ENCOURAGING THE
PURCHASE OF PROFITABLE ITEMS
(98-119)

Sir:

Please acknowledge receipt of the following papers by stamping the date received on this card

Commissioner for Patents:

Date Received:

Applicant: WALKER et al.
Serial No.: 09/345,092
Filing Date: March 27, 1998
Title: VENDING MACHINE SYSTEM AND METHOD FOR ENCOURAGING THE
PURCHASE OF PROFITABLE ITEMS
(98-119)

Sir:

Please acknowledge receipt of the following papers by stamping the date received on this card
and returning the same to the addressee.

- Notice of Appeal from the Primary Examiner to the Board of Patent
Appeals and Interferences & Petition for Extension of Time, 1 pg. (x2).

Date mailed: April 21, 2003.

